

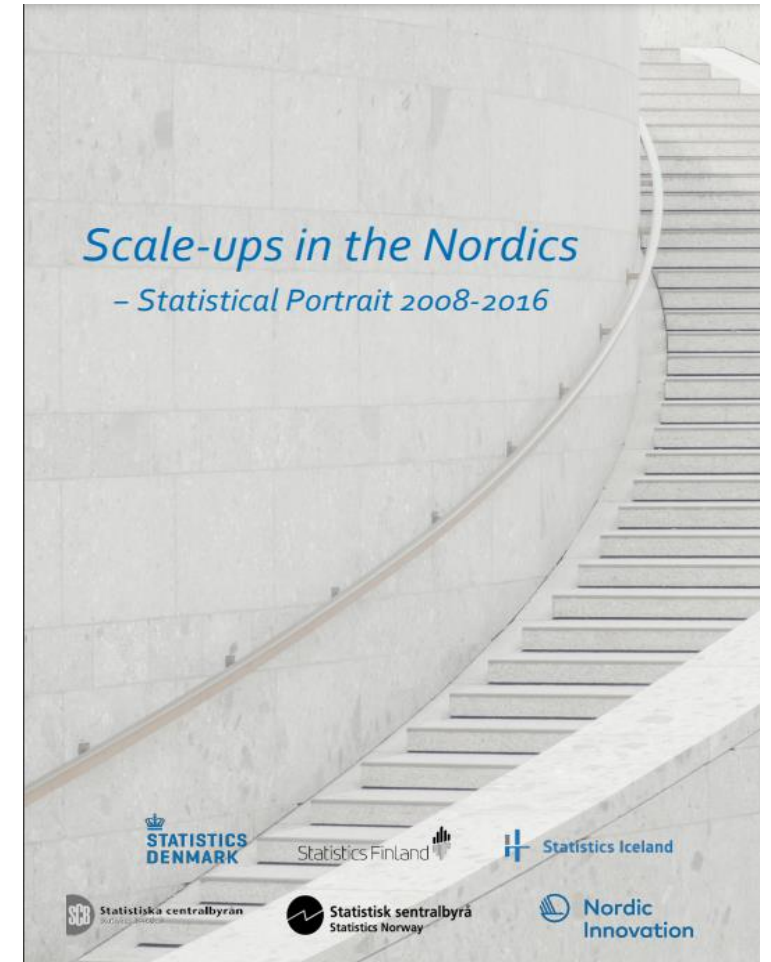
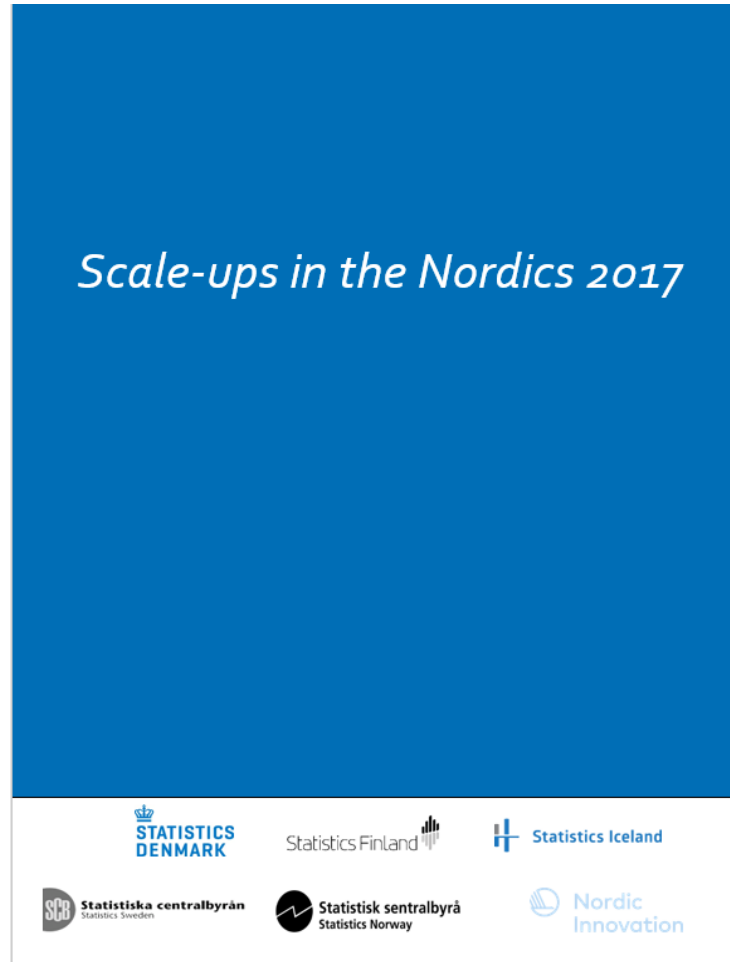
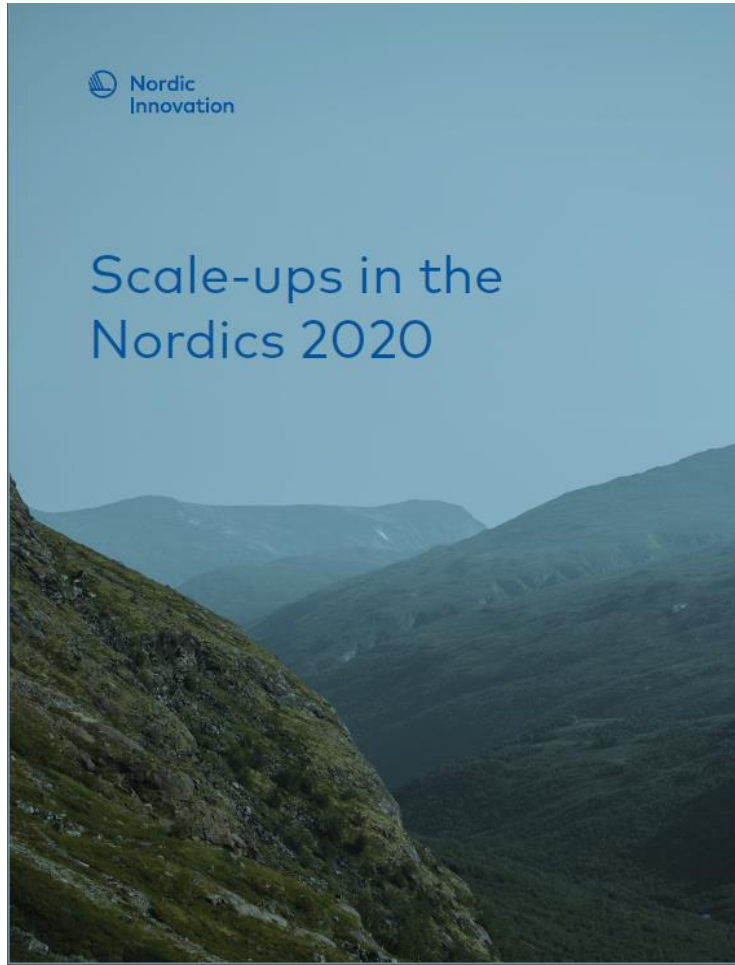
Scaleups in the Nordics

Similarities and differences

Nordic Statistical Meeting 2022



Three Nordic publications



Structure of presentation

- Definition of scaleup enterprises
- Methodology and data sources
- Analytical results
- Key takeaway points
- The way forward

What is a scaleup?

- Enterprises with 10 or more full time equivalent number of employees (hereafter employment FTE) and an annual turnover of 2 or more million EUR in the start year of observation.
- Enterprises with average annualised growth in the number of employees (FTE) and/or in turnover in current prices greater than 20% over a three-year period.
- Scaleups can be divided into the following groups depending on the type of growth:
 - **Employment scaleups:** scaling exclusively on employment (FTE)
 - **Turnover and employment scaleups:** scaling on both turnover and employment (FTE)
 - **Turnover scaleups:** scaling exclusively on turnover

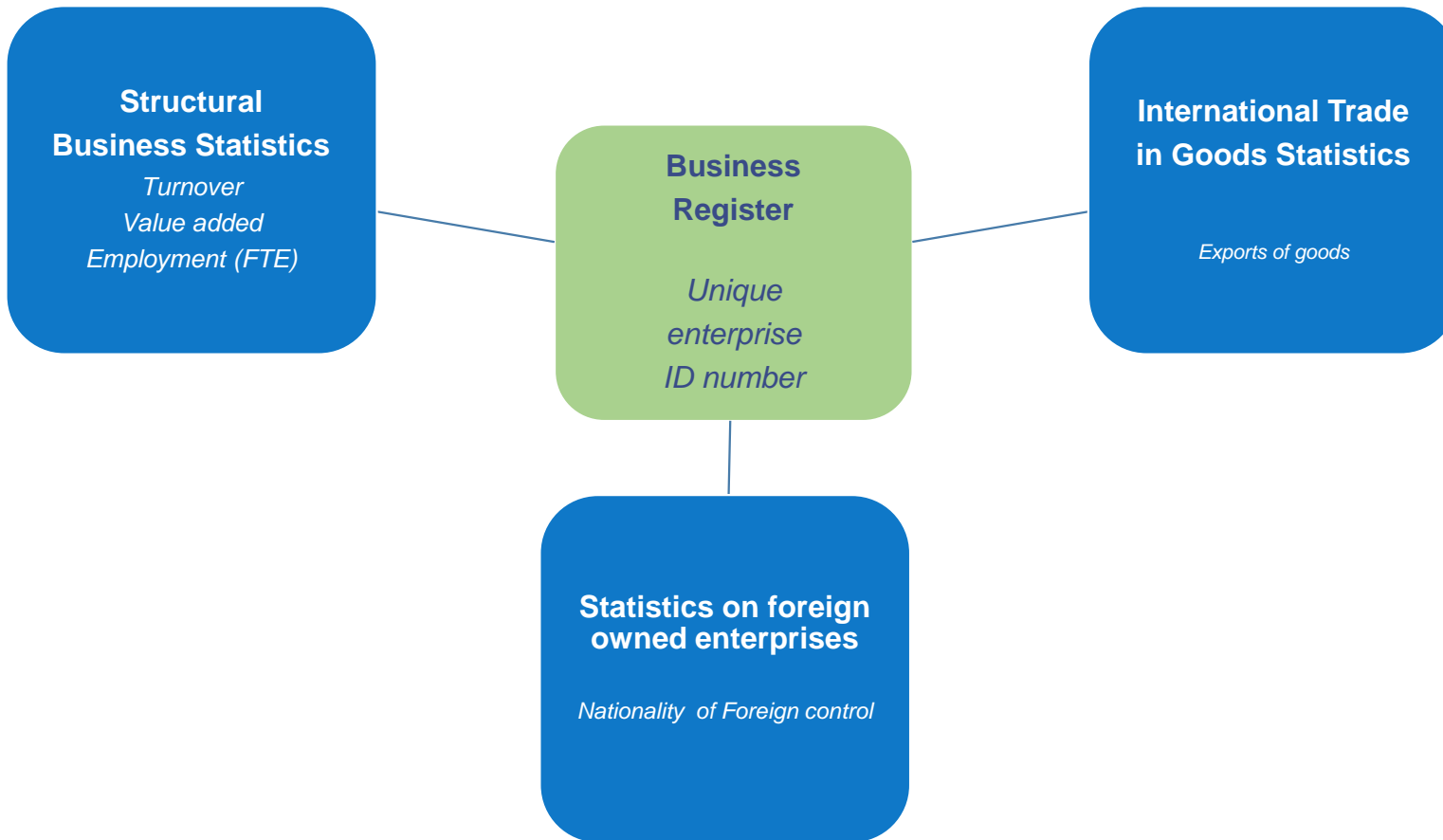
Deviations from the Eurostat/OECD definition

- The annual growth rate is set to 20 per cent instead of 10 per cent
- Adding a criteria of an annual turnover threshold of 2 million EUR in the start year of the growth period
- Not only growth by employment but also by turnover is included in the definition. The reason for including scaleups by turnover growth is, these enterprises have proven their business model by achieving considerable revenue over a period and therefore potentially to a larger extent contributing to sustainable economic growth.
- The growth measured can be caused by organic growth as applied by Eurostat by also by growth due to mergers and acquisitions.

Purpose of the scaleup research

- Asked by the policy makers, e.g. Nordic Innovation, to establish evidence of the importance of the mature fastest growing enterprises (scaleups) for policy shaping purposes:
 - How many scaleups do we have in the Nordic countries?
 - How many jobs and value added have they created?
 - To what extent is scaleup growth organic?
 - In which activities do we find scaleups?
 - What is the export share of scaleups?
 - Where are scaleups geographically located?
 - From where are scaleups owned?

A unique data structure and coherence across countries as foundation for research



1) Guidelines for database

2) SAS code for execution

3) Standardised output tables for analysis



Nearly 5,600 scaleups in the Nordics in 2020

Most enterprises scale on turnover 74 % where as 52 % did so on employment (scaling on one or two factors combined)

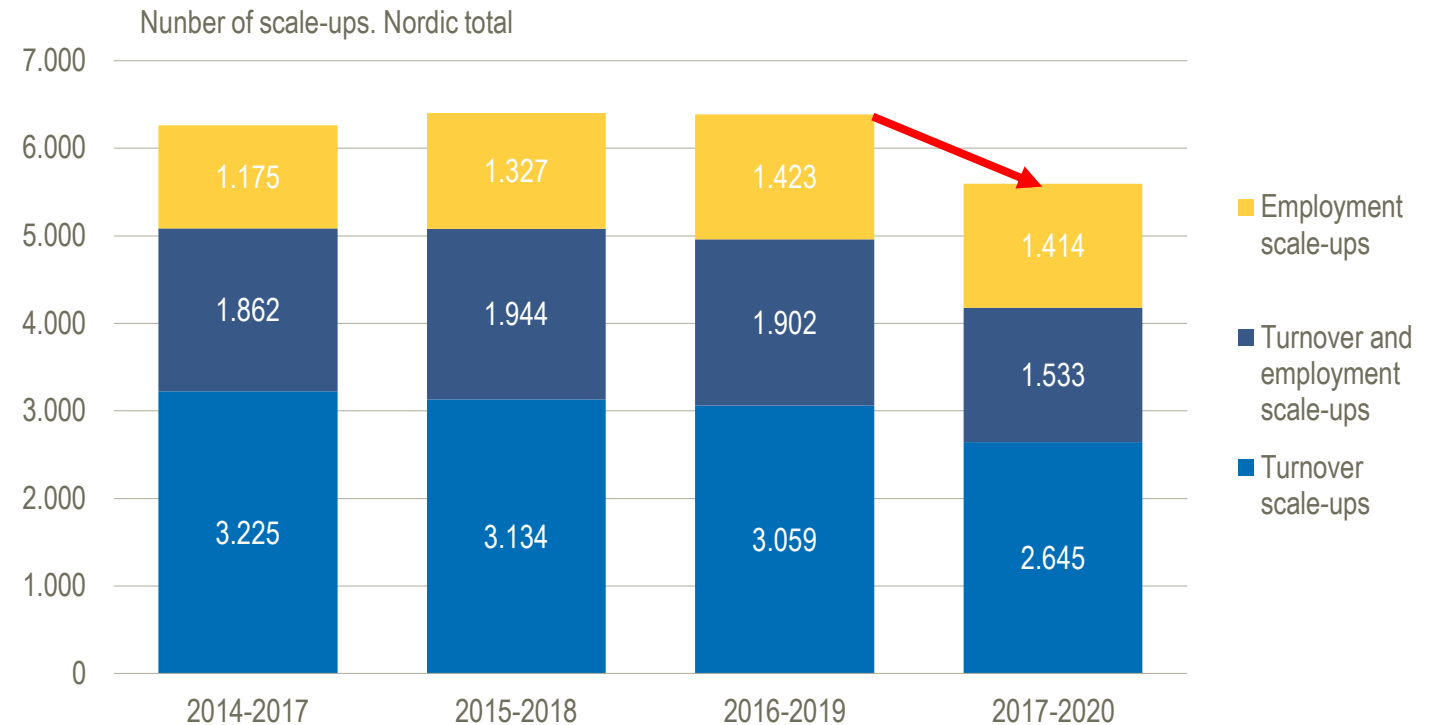
2020: Smallest number measured – due to Covid-19?

792 fewer scaleups

12 % decrease

Turnover scaleups leads the way with the largest reduction between the two latest growth periods

Number of scale-ups in the non-financial business economy in the Nordics by type of scale-up. Growth periods 2014-2017, 2015-2018, 2016-2019 and 2017-2020. Nordic total



Scaleups by the numbers, growth period 2017-2020

- 5,600 scaleups in the Nordics created a total turnover of 234.2 billion EUR in 2020 or a growth of nearly 110 per cent.
 - Highest growth for the turnover only scaleups
- Scaleups in the Nordics employed more than 456.000 (FTE) in 2020 – or a growth of nearly 200.000 (FTE) in the three year growth period
 - Highest growth for the employment only scaleups
- Scaleups constitute 0.35% of all enterprises in the non-financial business economy but employ 7.2% of all employment (FTE) in 2020
 - Distribution is fairly similar across the Nordic countries

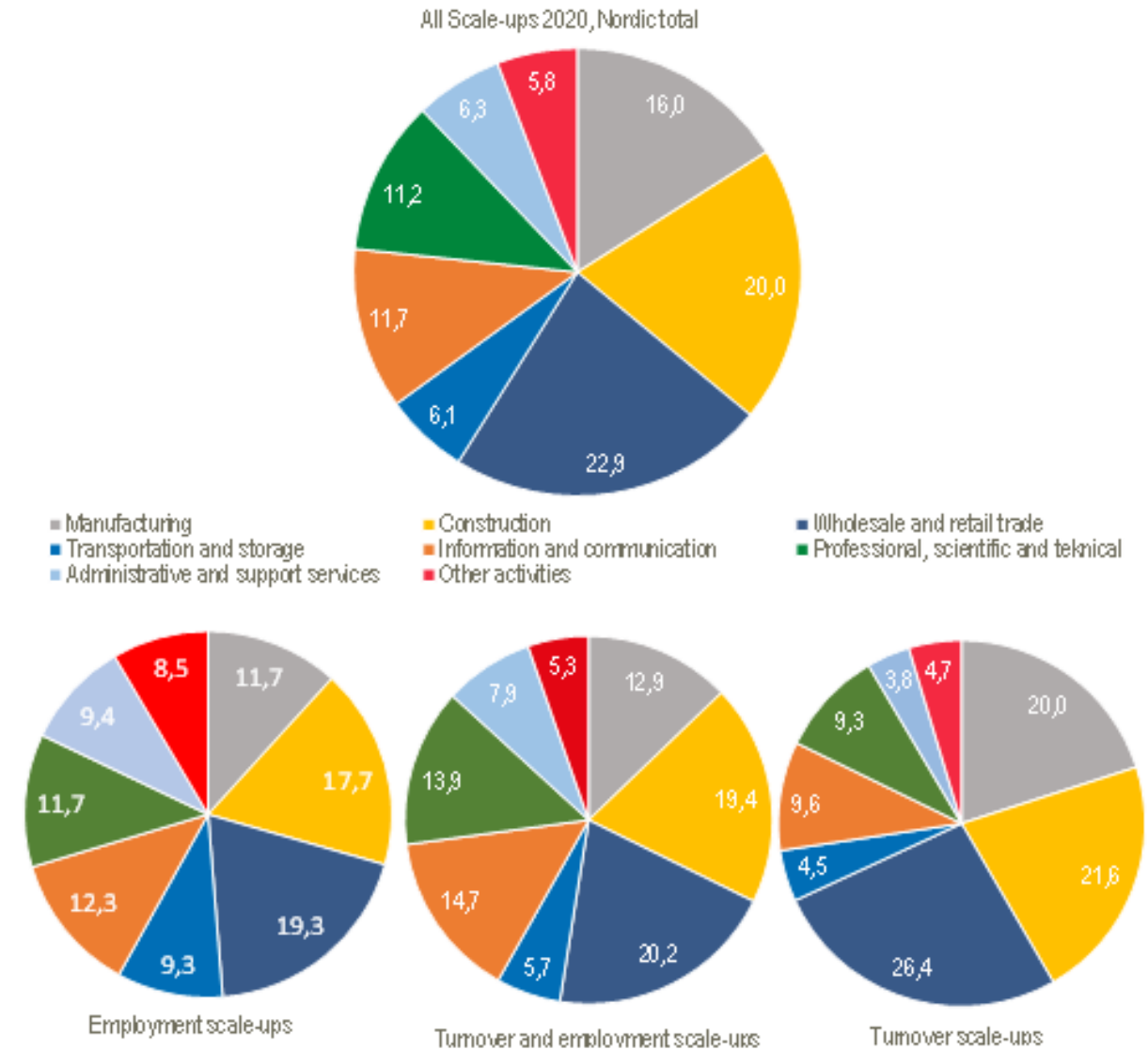
Scaleups by activity, 2017-2020

Wholesale and retail trade being the largest group followed by Construction across the three types of scaleups

More than half of the employment only scaleups are active within service activities

Two thirds of the turnover only scale-ups are operating in a goods related field of activity as manufacturing, construction or trade.

Number of scale-ups in the non-financial business economy in the Nordics by activity and type of scale-up. Growth period 2017-2020. Nordic total



Scaleup ownership across the Nordics

Scaleups mainly domestically owned more than 80 %, highest in Finland 88 %

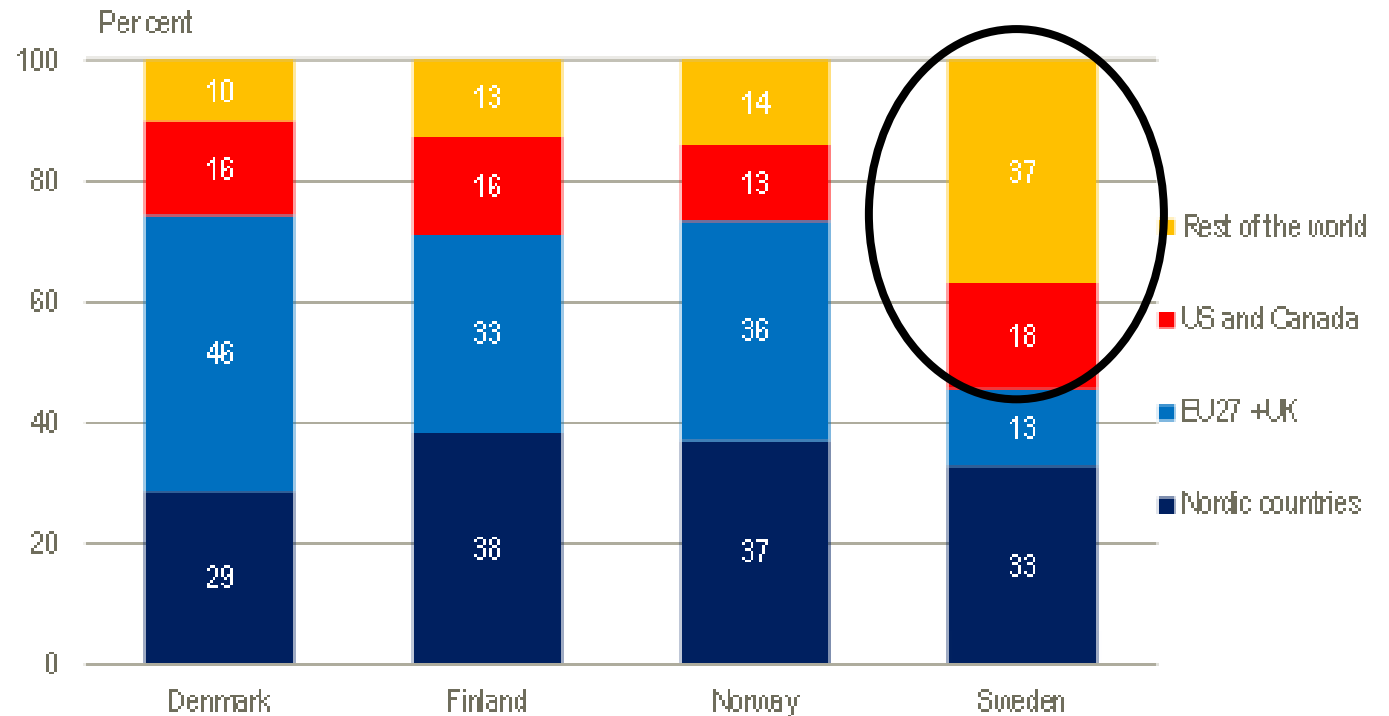
Foreign

FI and NO with dominance Nordic ownership

Denmark having high share of owners from EU countries

Sweden dominated by ownership from Rest of the world (37 %) – different from the other countries – if including the US and Canada more than 50 % are owned from outside Europe

Ownership location start year (- Domestic)



From domestic to foreign ownership

- 5 % are sold in the growth period

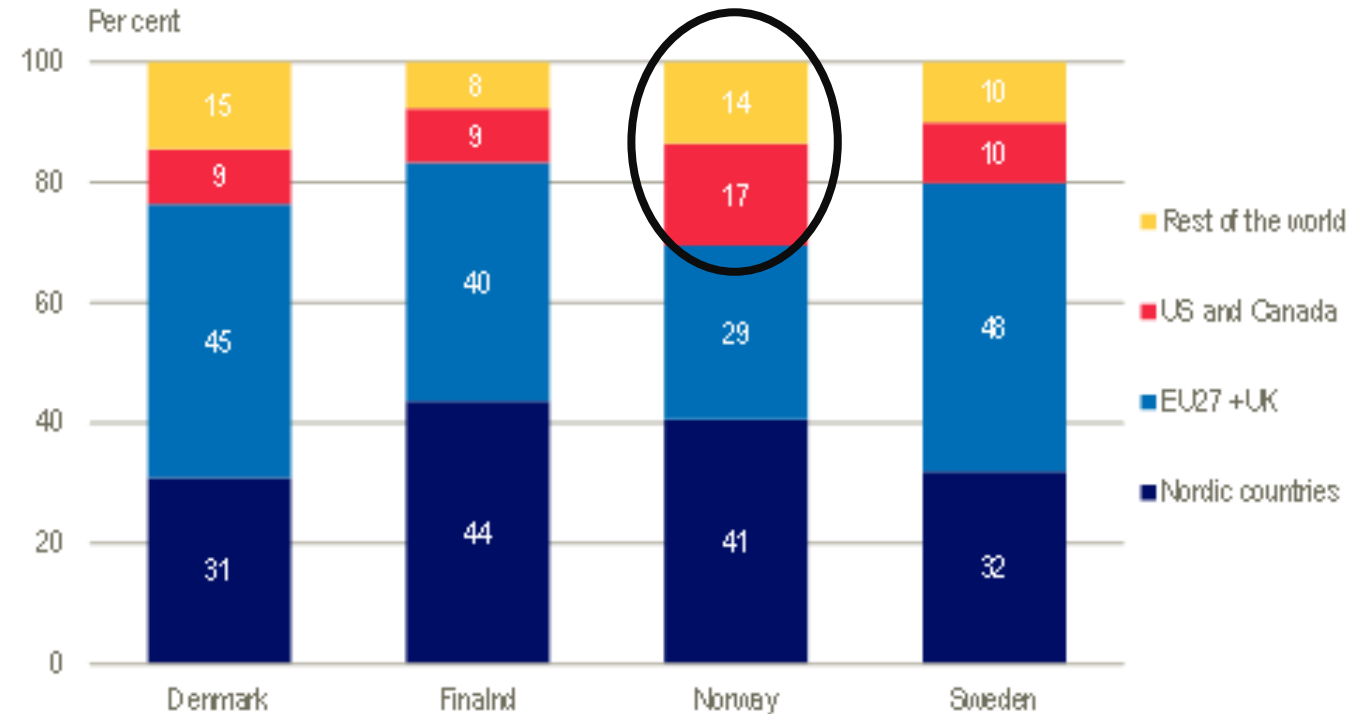
Sweden: almost half of the sold scaleups are purchased from EU countries (48 %) - excluding the Nordic countries.

Noteworthy difference compared to the stock of scaleups owned from outside Sweden

Finland the most scaleups purchased from Europe (84 %) including the Nordic countries

Norway relative high share non-Europe scaleup purchases (31 %) compared to the other Nordic countries

Sales domestic to foreign



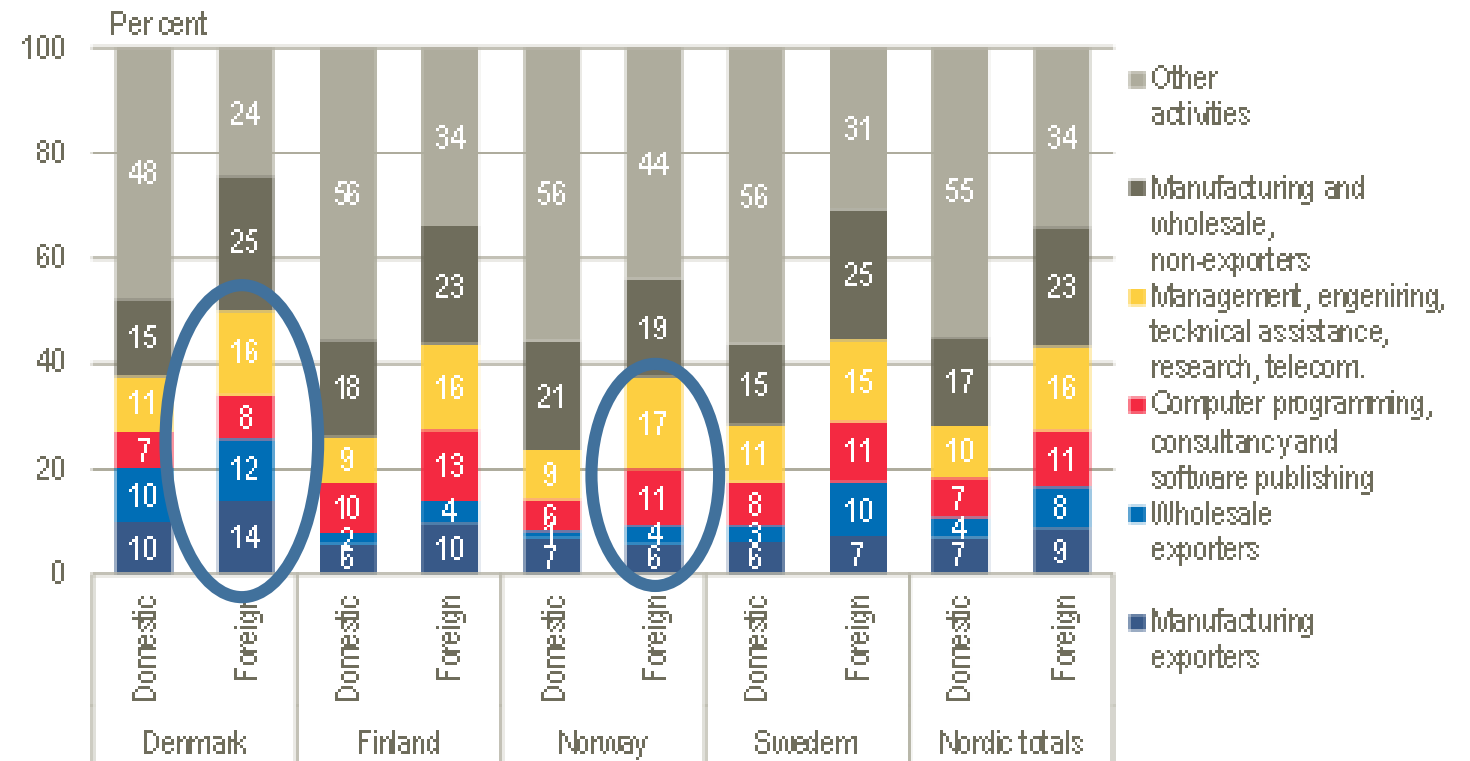
Activities of domestic and foreign owned scaleups

Domestically owned scaleups are mainly active in domestic market activities construction, retail trade or other services activities (in grey)

Foreign owned scale-ups more often found in the exporting scaleups within manufacturing and wholesale and knowledge-intensive services (44 %)

At the national level these trends are most evident when comparing Denmark and Norway

Scale-ups in the non-financial business economy broken down by activity and type of ownership 2019

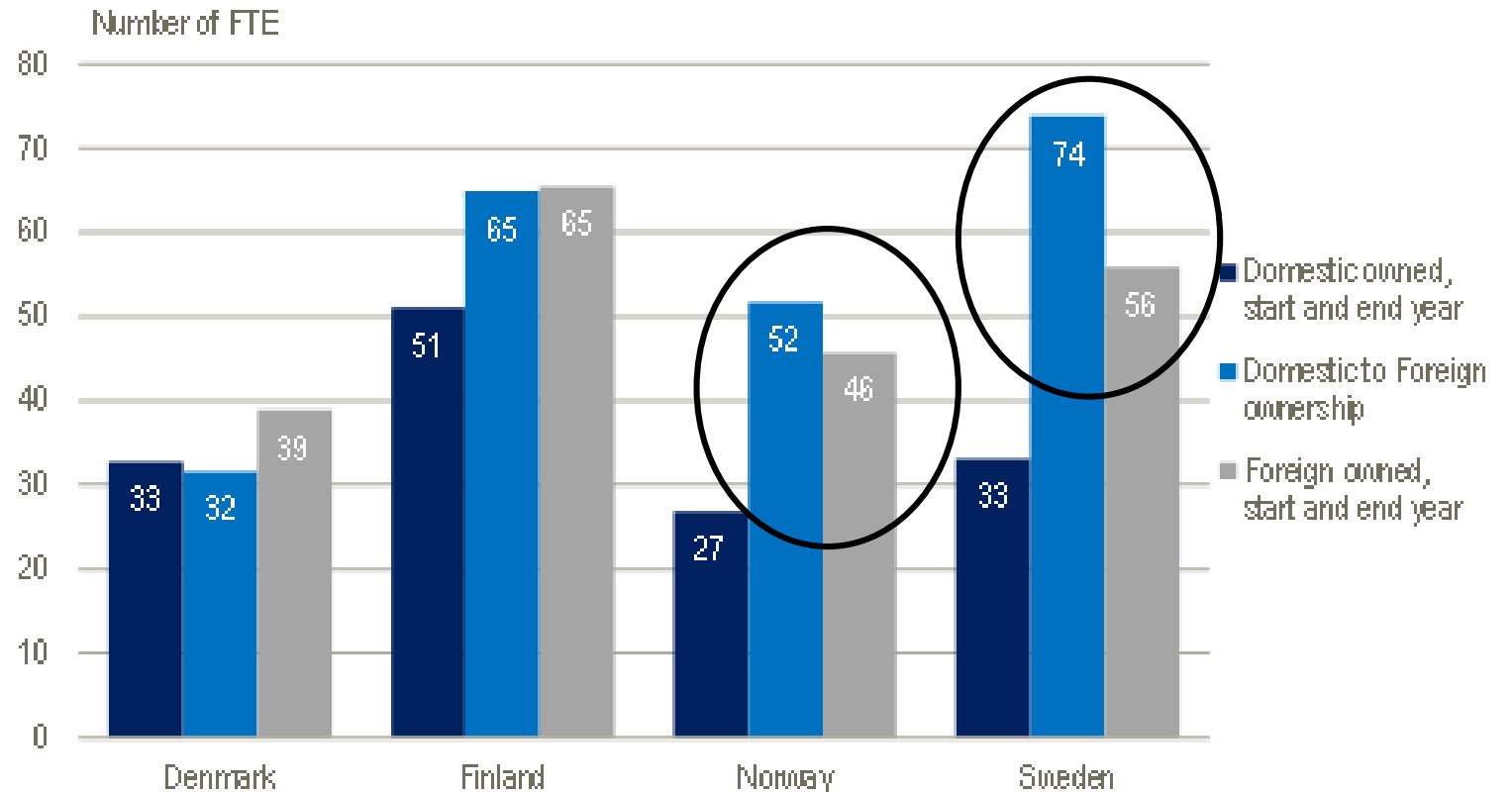


Foreign owned scaleups create more jobs

Scaleups that are foreign owned in the end year had a higher average employment growth (regardless of ownership in the start year) – Denmark the exception

Most evident in Sweden and Norway, where scaleups changing ownership to foreign shows the highest average growth in FTE

Average employment growth (FTE) 2016-2019 per scale-up in the non-financial business economy broken down by ownership 2019 and country.



Key takeaway points

- Based on standardised registers and a harmonised data infrastructure, MDL is shown as an effective tool for creating frontier knowledge based on existing registers
- MDL using one common syntax can serve as a foundation for cross border research with notable finding of structural, country specific differences (and similarities)
- We have shown have MDL in the Nordic countries can be used as a mean to support policy processes and informed policy formulation

The road ahead

- Need to account for growing inflation => introducing measurement of turnover in fixed prices
- So far looked at populations of scale-ups in isolation per period– but need to identify how many scaleups are present in several periods
 - doppelgangers between overlapping and non-overlapping growth periods
- Project launched jointly with the OECD: investigating the characteristics of scaleups in the period prior to and after the three-year growth period. The project will also link information about the employees (gender, age, education) and compare with the non scaling enterprises

Thank you for your attention!